

VZCZCXRO7175

RR RUEHAG RUEHAST RUEHDA RUEHDBU RUEHDF RUEHFL RUEHIK RUEHKW RUEHLA
RUEHLN RUEHLZ RUEHNP RUEHPOD RUEHROV RUEHSL RUEHSR RUEHVK RUEHYG
DE RUEHSK #0317/01 2591547
ZNR UUUUU ZZH
R 161547Z SEP 09
FM AMEMBASSY MINSK
TO RUEHC/SECSTATE WASHDC 0474
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE
RUEHSK/AMEMBASSY MINSK 0481

UNCLAS SECTION 01 OF 04 MINSK 000317

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [PHUM](#) [ECON](#) [BO](#)

SUBJECT: BELARUS WEEKLY POL/ECON REPORT - SEPTEMBER 11, 2009

MINSK 00000317 001.2 OF 004

11. (U) The following are brief items of interest compiled by
Embassy Minsk.

TABLE OF CONTENTS

Civil Society

- GOB Continues to Use a Heavy Hand in Dispersing Opposition Demonstrations, Big or Small (para. 2)
- GOB May No Longer Classify Unregistered NGOs and Political Parties Activities as Criminal (para. 3)
- Artynom Dubskiy from the "Case of 14" Could be Released by the End of the Year (para. 4)
- One Opposition Candidate for the Presidential Election Appears to be Unlikely (para.5)

Economy

- Deputy Finance Ministry: Budget Cuts Inevitable (para. 6)
- Foreign Debt Up and International Reserves Down (para. 7)
- Sidorsky: Major Concerns Are Low Industrial Output, Trade Deficit and Lax Retail Trade (para. 8)
- GOB Raised Gasoline and Diesel Prices (para. 9)
- Subsidies to Mozyr Oil Refinery Suspended (para. 10)
- IFC and WB Doing Business 2010 Report Notes Belarus' Progress in Reforming Economy (para. 11)

Foreign Relations

- Russia-Belarus Step Up Preparations for Joint Military Exercises (para. 12)
- Lukashenka and Chavez Met in Minsk to Invigorate Bilateral Cooperation (para. 13)

Quote of the Week (para. 14)

Civil Society

12. (U) GOB Continues to Use a Heavy Hand in Dispersing
Opposition Demonstrations, Big or Small

A Minsk court fined 17 opposition activists up to \$320 for participating on September 9 in an unsanctioned demonstration in Minsk protesting against the ongoing Zapad-2009 Russian-Belarusian military exercises. In dispersing the rally, officers aggressively manhandled protesters and forced others to the ground before taking them away in buses. Zmitser Dashkevich, head of Malady Front and small business activist Aleksandr Makayev, and five other activists were apprehended minutes before the protest. Journalists who were at the site covering the event reported that police interfered and damaged a

camera of a Polish correspondent filming the demonstration. Police later allegedly harassed, humiliated, and struck the detainees at a precinct, where they were held overnight. In a related demonstration, a Minsk district court fined Malady Front activists Nikolay Demidenko \$375 and Margarita Korol \$62 for staging an unsanctioned demonstration against Zapad 2009 on September 8 in front of the Russian Embassy in Minsk. On September 3, police in Vitebsk roughed up and detained for the evening local activist Oleg Surgan when he tried to display an opposition white-red-white flag.

13. (U) GOB May No Longer Classify Unregistered NGOs and Political Parties Activities as Criminal Activity

In an unexpected step, Deputy Justice Minister Igor Tushynskiy announced that the GOB plans to amend Article 193-1 of the Criminal Code that criminalizes any political or social activities on behalf of an unregistered political party, NGO, association, or religious group. Under the proposed amendments these activities hence force would be subject to administrative charges and not criminal charges. Belarus civil society has long advocated for the abolishment of Article 193-1, and Yuriy Chausov, a prominent human rights lawyer, expressed cautious optimism that the GOB has recognized "the excessive harshness of the penalty" [of up to two years in jail] . Seventeen civil society and opposition members, according to Chusov, had been convicted under Article 193-1 since it was introduced into Belarus Criminal Code in December 2005.

14. (SBU) Artynom Dubskiy from the "Case of 14" Could be Released by the End of the Year

On September 9, Tamara Sidorenko, the defense counsel for Artyom Dubskiy, told the Charge that there were two ways Dubskiy could avoid having to serve the one-year prison sentence he received for violating the terms of his partial house arrest. The original sentence was related to his participation unsanctioned

MINSK 00000317 002.2 OF 004

entrepreneurs demonstrations in January 2008. Since Dubskiy admitted he had violated the terms of partial house arrest, he had the right to appeal to President Lukashenka for a pardon. The President could pardon him once he had served six months of the sentence. The other option was once Dubskiy had served six months of his sentence, prison authorities could initiate a process of early release for good behavior. His time in pre-trial detention counts towards the six months, and if a disputed 18-day period of his pre-trial detention is counted, six months would be November 9. Under the pardon option it could take affect November 10, if it is the second variant it takes a month of processing putting Dubskiy's release in mid-December. Dubskiy and his lawyer will pursue both options. As for the remaining "Case of 14" participants, four have been amnestied, one pardoned, two have paid their fines, one remains under partial house arrest until September 2010, and two are banned from leaving Belarus and must pay 15% of their salaries to the state through September 2010, and three, who were sentenced to partial house arrest, fled the country and are now studying abroad in Europe.

15. (SBU) One Opposition Candidate for the Presidential Election Appears to be Unlikely

Belarusian Popular Front (BPF) held its convention on September 5 and elected deputy Alyaksey Yanukevich its new Chairman. Yanukevich stated that only "if regulations are amended to ensure that election commissions at all levels have representatives of the opposition, would participating in the [presidential] elections make sense." (Note: Presidential elections could be scheduled for either late 2010 or early 2011.

End note) Furthermore, Yanukevich stated that BDF will not participate in the United Democratic Forces (UDF) primary to choose one opposition candidate for the Presidential elections. The BPF announced plans to leave the UDF and work with their partners on establishing a center-rightist National Democratic coalition. Milinkevich, leader of the For Freedom movement,

also publicly stated that he did not believe it was possible to unify behind one person given the various UDF opposition parties' ideologies. Belarusian Christian Democrats told the Embassy they don't believe in the UDF single candidate approach and thus have sided with Belarusian Front and Milinkevich. The opposition Communist Party told us they continue to support the idea of a primary and one opposition UDF candidate, but said they are skeptical the three parties mentioned above will support the one opposition candidate approach. Artur Finkevich, chair of the independent youth movement "Young Belarus," also told the Embassy that the days of one opposition candidate are over as it is no longer a realistic approach given the different political ideologies. Anatoly Lebedko, Head of the United Civic Party, and key player in the UDF still believes it is critical for the opposition to have a single candidate in the Presidential election, and told the Charge he will proceed with organizing the UDF primary and will lobby other UDF parties to reverse their decisions not to participate.

Economy

16. (U) Deputy Finance Ministry: Budget Cuts Inevitable

Speaking to chairpersons of Belarus' local councils at a session in the Upper House on September 9 Deputy Finance Minister Vladimir Amarin stated that the GOB expects "the budget situation to worsen before the end of the 2009" due to significant "revenues shortfall". He elaborated that revenues collected by central and municipal budgets had reached only 57% and 65% of the annual target set by the GOB. Under 2009 budget law, Belarus need to have zero budget deficit. "We will have to fund expenditures in tough terms, ensuring in the first place social spending, paying wages, utility services, medicines - i.e. secured expenditures."

17. (U) Foreign Debt Up and International Reserves Down

According to data posted by the Belarus' Finance Ministry on September 7, the country's state foreign debt by August 1 had increased 12.6 percent to \$6.09 billion. The debt grew due to the loans received in 2009 from Russia (\$500 million) and the IMF (approximately \$1.5 billion). The country's international reserves continued to shrink in August falling 4.4.% to \$ 3.021 billion. Total foreign currency trading volume in Belarus decreased in August by 42.7 percent.

18. (U) Sidorsky: Major Concerns Are Low Industrial Output, Trade Deficit and Lax Retail Trade

According to the presidential press service, Prime Minister Sergei Sidorsky told Lukashenka September 4 that Belarus' major economic concerns through July were falling industrial output (3.9 percent), a \$3.1 billion deficit in foreign trade and a

MINSK 00000317 003.2 OF 004

lower than expected 2.7 percent year-on-year growth in retail trade. Sidorsky assured Lukashenka that all government agencies were actively reducing their inventories of unsold products. As of August 1, they had decreased overall inventories to 88.3 percent of the average monthly industrial output. The GOB also instructed Belarusian embassies to intensify their promotional efforts to sell Belarusian-made products.

19. (U) GOB Raised Gasoline and Diesel Prices

On September 8, an unnamed source in the GOB told Prime-TASS news agency that the government had decided to raise prices on gasoline and diesel fuel starting on September 10. The GOB claims the 10 percent increase, opposed by the Transportation and Agriculture Ministries, will help offset losses made by suppliers of fuel to the domestic markets due to the growing world oil price.

110. (U) Subsidies to Mozyr Oil Refinery Suspended

An unnamed source in the Finance Ministry told Prime-TASS news agency on September 8 that the GOB did not defy its obligations to pay subsidies to Mozyr oil refinery for the purpose of ensuring its profitable operations. The day before a source at Mozyr refinery told Prime TASS that the facility has not received any subsidies over the last three months and will not receive any in the near future because of the government's budget constraints and the refinery's profitable operations of late. The GOB decided to subsidize Belarusian oil refineries in 2007 to ensure steady and profitable supplies of crude oil to Belarus.

¶11. (U) IFC and World Bank (WB) Doing Business 2010 Report Notes Belarus' Progress in Reforming Economy

According to IFC and WB's Doing Business 2010 "Reforming through Difficult Times" report presented in Moscow on September 9 and in Minsk on September 11, Belarus improved its rankings from 82 to 58 on the overall ease of doing business, from 98 to 91 on advancing "starting a business", and from 62 to 44 in "dealing with construction permits." One of the report's authors stated that Belarus among other countries "implemented reforms in several areas for the third consecutive year," but despite "considerable progress," he noted that "much work remains [to be done] to create a favorable business environment that will lead to increased investment in Belarus." Private investment and innovation, improving enterprise entry and exit, reduction of administrative barriers to business development remain priorities on Belarus' economic agenda for recovery from the global financial crisis.

Foreign Relations

¶12. (U) Russia-Belarus Step Up Preparations for Joint Military Exercises

A Defense Ministry's spokesperson told the press on September 9 that the first Russian units had arrived in Belarus for the scheduled Zapad (West)-2009 Russian-Belarusian military exercises. A source with the Belarus Air and Air Defense Forces reported that six Belarusian MiG-29 aircrafts had deployed to southern Russia on September 11 and that Russian warplanes were expected to begin arriving in Belarus as September 16. Zapad 2009 will involve 12,500 servicemen and up to 200 military vehicles and take place in Belarus and Russia simultaneously from September 18-29. According to various media sources, Russia and Belarus will be simulating an operation to liberate Tskhinvali. The troops will practice river crossings and parachute drops, and will land combat aircraft on highways. Zapad-2009 is a second phase of a Collective Security Treaty Organization exercise. The first phase took place in Moscow in August 2009. Presidential Administration contacts told the Embassy that Russian President Medvedev is expected to visit Belarus on September 29 to view the exercise with President Lukashenka.

¶13. (U) Lukashenka and Chavez Met in Minsk to Invigorate Bilateral Cooperation

According to media reports, Lukashenka met in Minsk with the visiting Venezuelan President Chavez on September 8 to discuss progress in bilateral relations and to boost economic cooperation. Lukashenka thanked Chavez, who was on his fourth visit to Belarus, for Venezuela's financial support and noted the first profits had already flowed from the two countries' joint oil extracting company in Venezuela. Bilateral trade through July had doubled year-on-year and totaled \$132.5 million. Lukashenka is scheduled to visit Venezuela in January 2010.

Quote of the Week

¶14. (U) Meeting with the visiting Slovak Foreign Minister Miroslav Laichak in Minsk on September 7 Lukashenka said: "It is important to us to have close cooperation with you. That said, we do not put forward any conditions , if we come to terms, we strictly abide by our obligations. We have an ideal order in that - something that in other countries is called dictatorship. Business people hail such order - a word means a deal. They do not like all sorts of pseudo democracy."

SCANLAN